

VZCZCXRO1268
PP RUEHDE
DE RUEHC #7660/01 2001958
ZNY SSSS ZZH
P R 181952Z JUL 08
FM SECSTATE WASHDC
TO RUEHRL/AMEMBASSY BERLIN PRIORITY 5933
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE
RUEHAD/AMEMBASSY ABU DHABI 1655
RUEHDE/AMCONSUL DUBAI 7812

S E C R E T SECTION 01 OF 04 STATE 077660

SIPDIS

E.O. 12958: DECL: 07/18/2033

TAGS: PARM PREL ETTC MTCRE KSCA GM IR AEC

SUBJECT: (S) RESPONDING TO GERMAN REQUEST FOR INFORMATION
ON THE ICS SCHNEIDER - SBIG TEST CHAMBER CASE

REF: A. 05 STATE 201650
IB. 05 BERLIN 3726
IC. 05 STATE 211408
ID. 05 BERLIN 3954
IE. 06 STATE 36325
IF. 06 BERLIN 674
IG. 06 STATE 62278
IH. 06 BERLIN 1123
II. 06 STATE 70328
IJ. 06 BERLIN 1229
IK. 06 BERLIN 1550
IL. MTCR POC 201/2006 - MAY 16 2006
IM. 07 STATE 75839
IN. 07 BERLIN 1137
IO. 07 STATE 108420
IP. 07 BERLIN 2163
IQ. 07 STATE 166482
IR. 07 BERLIN 2216
IS. STATE 15220
IT. BERLIN 195
IU. BERLIN 511
IV. BERLIN 643
IW. STATE 40087

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS
1.4 (B), (D).

11. (U) This is an action request. Please see
paragraph 9.

12. (S) Background: Since November 2005, we have
worked with German authorities to prevent Iran's solid
propellant missile developer - the Shahid Bakeri
Industrial Group (SBIG) - from procuring environmental
test chambers from the German firm ICS Schneider
Messtechnik (Schneider) (Refs). On April 24, German
MFA Export Control Division Desk Officer Wiebke Wacker
advised post that the German Customs Office of Criminal
Investigation (Zollkriminalamt, or ZKA) has been
conducting an investigation into ICS Schneider and its
head, Andreas Schneider, on the basis of USG-provided
information (Ref U). Wacker has requested information
on two specific issues related to this case: 1)
conversations between U.S. officials and an Iranian who
has been working as the middleman in the ICS Schneider
- SBIG test chamber case; and 2) evidence that
Schneider was aware that the intended end-user of the
test chamber was SBIG.

13. (S) Wacker inquired about information concerning an
Iranian who may have been "detained" at an undisclosed
U.S. embassy (Ref V). The Germans believe this Iranian
has information linking Andreas Schneider (of ICS
Schneider Messtechnik) with Iranian procurement agents
and said that ICS Schneider dealings with Iranian
procurement agents went off-line when this individual
was "arrested." Wacker gave no further details other
than to say that the Iranian in question had applied

for a U.S. visa. In subsequent meetings, Wacker identified the Iranian visa applicant as Abdolmajid Naji. (Note: Naji represents the Iranian company Rakin, a firm that has been acting as an intermediary between Schneider and SBIG front companies in the environmental test chamber case. End note.) According to Wacker, Naji was confronted (and possibly detained) by U.S. authorities in February 2008 while applying for a visa in Dubai. Wacker said that the ZKA is seeking evidence needed to support its investigation of Schneider, and is interested in information concerning any conversations U.S. officials had with Naji.

¶ 14. (S) Wacker also advised that German investigators are interested in knowing whether the USG has any information indicating that Andreas Schneider was aware that the Iranian firm Shahid Bakeri Industrial Group (SBIG) would be the actual end-user of the environmental test chamber.

¶ 15. (S) Next Steps/Naji: We want to advise German officials that while Abdolmajid Naji did come to the U.S. Consulate General in Dubai in early 2008 to apply for a visa, he was not detained or arrested by U.S. officials. We also want to advise German officials that, during the visa application process, Naji was interviewed at AmConGen Dubai, and indicated that he

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planned to visit his pregnant daughter in the U.S. Additionally, Naji stated that he is married with four other children (who live in Iran), and that he owns a private equipment company with his wife and earns \$1,000,000 per month. However, on April 27, Naji withdrew his visa application for unknown reasons.

¶ 16. (S) Next Steps/Schneider: We want to respond to the German request for any information indicating that Schneider knew that the intended end-user of the test equipment was SBIG. In the substantial volume of information we have provided to Germany on this case, we have not shared any information specifically indicating that Schneider ever dealt directly with SBIG, or even knew that SBIG (or the Iranian ballistic missile program) was the end-user. In an April 21, 2008 non paper provided to German authorities, the U.S. identified SBIG as the actual intended end-user of the test chamber, but noted that SBIG had been using front companies (Aban Commercial and Industrial Group, Saba Machinery Supplying Company, and Pooya Commercial and Engineering) in its efforts to procure the equipment from Schneider (Ref W). Moreover, Schneider's primary interlocutor in these procurement efforts was Rakin, the intermediary, and not SBIG or its front companies. It is therefore conceivable that Schneider never knew that SBIG was the actual intended end-user.

¶ 17. (S) However, it is clear that Schneider representatives were aware that they were engaged in questionable - if not illegal - trade. This is evidenced by the fact that at least three different Iranian entities were identified by Rakin as the end-user of the test equipment. When we first began discussing this case with Germany (November, 2005), the purported end-user was Aban Commercial and Industrial Group (Ref A). By March 2006, the end-user had changed to Saba Machinery Supplying Company (Ref E). Based on information provided by the U.S., German authorities denied Schneider an application to export the test chambers to Saba in May, 2006 (Refs K & L). After the denial, Rakin began listing Pooya Commercial and Engineering as the end-user (Ref M). Even if Schneider was unaware that Aban, Saba, and Pooya were all front companies used by Iran's ballistic missile program, we would expect that a legitimate supplier would have raised questions - if not terminated the deal outright

- in a case where three different entities were listed as the end-user for the same equipment in such a short time.

¶ 18. (S) Moreover, after the issuance of the May 2006 denial, Schneider began scheming with Rakin to route the equipment through a firm in a third country - eventually settling on the Croatian firm Belmet 97 - in order to disguise the fact that the actual end-user was in Iran (Ref M). We believe that Schneider may have been preparing to submit another export license application - listing Belmet 97 as the end-user - but according to German authorities, Schneider never did so. As of December 2007, Rakin's Naji was still negotiating with Schneider for the sale of the test chamber, so we do not believe that the equipment was shipped to Iran via Belmet 97 (Ref Q). Further, as of January 2008, Schneider and Rakin were working to send the test chambers to Iran via yet another third country entity - the UAE's Edib Oil General Trading - while falsely listing an entity in Tajikistan as the end-user (Ref S).

¶ 19. (S) Action Request: Department requests Embassy Berlin approach appropriate host government officials to deliver talking points in paragraph 10 responding to German MFA Export Control Division Desk Officer Wiebke Wacker's request for information related to the ICS Schneider - SBIG test chamber case. Post should also request from German officials an update on the current status of the investigation.

¶ 10. (S) Begin talking points/non-paper:

(SECRET//REL GERMANY)

--Since November 2005, we have been discussing with you efforts by Iran's Rakin Ltd. to procure environmental and temperature shock chambers from the German firm ICS Schneider Messtechnik on behalf of Iran's missile program.

--On April 24, 2008, you advised us that the German
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Customs Office of Criminal Investigation (Zollkriminalamt, or ZKA) has been conducting an investigation into ICS Schneider and its head, Andreas Schneider, on the basis of USG-provided information.

--You also requested information on two specific issues related to this case: 1) conversations between U.S. officials and an Iranian who has been working as the middleman in the ICS Schneider - SBIG test chamber case; and 2) evidence that Schneider was aware that the intended end-user of the test chamber was the Iranian solid-fueled ballistic missile entity Shahid Bakeri Industrial Group (SBIG).

--With regard to the first issue, you recently inquired about information concerning an Iranian who may have been detained by U.S. officials in Dubai, where he was applying for a visa.

--Specifically, you indicated an interest in learning of any conversations U.S. officials had with Abdolmajid Naji, a representative of Rakin Ltd., the firm that has been acting as an intermediary between Schneider and SBIG front companies in the environmental test chamber case.

--While Abdolmajid Naji did come to the U.S. Consulate General in Dubai in early 2008 to apply for a visa, he was not detained or arrested by U.S. officials.

--During the visa application process, Naji was

interviewed and indicated that he planned to visit his pregnant daughter in the U.S.

--Naji also stated during the interview that he is married with four other children (who live in Iran), and that he owns a private equipment company with his wife and earns \$1,000,000 per month.

--Naji provided the following information in his visa application: Address: 69 Manoochehr Hossein Nia St, 12th Street, Kargar Shomali, Tehran, Iran. E-mail: rakin@dpimail.net. Home phone: 0098 21 88633576; work phone: 0098 21 88012892.

--On April 27, Naji withdrew his visa application for unknown reasons.

--Note: The information derived from Naji's visa application may not be further disseminated. If you wish to share this information with a third party please make a request through the Embassy to the U.S. Department of State.

--In response to your question about ICS Schneider Messtechnik's possible knowledge of the fact that SBIG was the actual intended end-user of the test equipment, we have the following to share:

--We do not at this time have any information indicating that Schneider ever dealt directly with SBIG, or even knew that SBIG (or the Iranian ballistic missile program) was the end-user of the products ICS Schneider was intending to export to Iran. Schneider's primary interlocutor in these procurement efforts was Rakin, the intermediary, and not SBIG or its front companies.

--However, it is clear that Schneider representatives were aware that they were engaged in questionable - if not illegal - trade.

--For example, at least three different Iranian entities were identified by Rakin as the end-user of the test equipment: Aban Commercial and Industrial Group, Saba Machinery Supplying Company, and Pooya Commercial and Engineering.

--When we first began discussing this case with you (November, 2005), the purported end-user was Aban Commercial and Industrial Group.

--By March 2006, the end-user had changed to Saba Machinery Supplying Company. Based on information provided by the U.S., your export control authorities denied Schneider an application to export the test chambers to Saba in May 2006.

--After the denial, Rakin began listing Pooya Commercial and Engineering as the end-user.

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--Even if Schneider was unaware that Aban, Saba, and Pooya were all front companies used by Iran's ballistic missile program, we would expect that a legitimate supplier would have raised questions - if not terminated the deal outright - in a case where three different entities were listed as the end-user for the same equipment in such a short time.

--In addition, after the issuance of the May 2006 denial, Schneider began scheming with Rakin to route the equipment through a firm in a third country - eventually settling on the Croatian firm Belmet 97 - in order to disguise the fact that the actual end-user was in Iran.

--As of January 2008, Schneider and Rakin were working to send the test chambers to Iran via yet another third country entity, the UAE's Edib Oil General Trading, while falsely listing an entity in Tajikistan as the end-user.

--Note: Please be advised that we have not told UAE authorities that we have shared the information about the UAE company with you. If you wish to share this information with a third party, please make a request through the U.S. Embassy.

--While we cannot provide you with direct evidence that Schneider was aware that SBIG was the end user, this information clearly indicates a pattern of deception and knowledge that the equipment's intended end-use would have been problematic to German export authorities.

--We hope this information is helpful in supporting your investigation. We will continue to provide additional information on this case as it becomes available.

-- We look forward to future cooperation on nonproliferation matters and would appreciate hearing any updates on the progress of your investigation of this case.

¶11. (U) Please contact ISN/MTR's John Paul Herrmann with any questions or follow-up related to this case (202-647-1430 - herrmannjp2@state.gov or herrmannjp@state.sgov.gov) and slug reporting on this issue for ISN/MTR, EUR/CE (Tom O'Keeffe) and EUR/PRA (Matt Hardiman).

RICE